



# The Birmingham News

## Legislators pass schools budget

**\$6.36 billion plan OK'd in minimal time**

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**DAVID WHITE**

**News staff writer**

MONTGOMERY - State lawmakers on Saturday passed a \$6.36 billion state education budget for next year, 12 days after senators killed a similar budget on the last day of this year's regular legislative session.

The budget proposes spending the \$6.36 billion from the Education Trust Fund in the year starting Oct. 1. The budget is smaller by \$369.5 million, 5.5 percent, than this year's budget.

City and county superintendents across Alabama fired more than 1,000 teachers last month, in part because of uncertainty over next year's spending. Other superintendents held off on filling vacancies.

Now that lawmakers have passed a budget, state school Superintendent Joe Morton said superintendents can start rehiring teachers.

"We can get out a notice and those that let people go or failed to hire to fill vacancies, they can take action Monday morning," he said.

The budget is similar to one that died May 19 in the Senate during the regular session.

Gov. Bob Riley called lawmakers into special session that began Tuesday to try again to pass a budget. They did so in five days, the shortest time possible.

Lawmakers ended the session before noon Saturday. The special session cost taxpayers about \$110,000.

"No one was pleased that there had to be a special session, but everyone can be pleased the special session was finished in the shortest amount of time possible," Riley said in a written statement.

The House of Representatives on Saturday voted 98-4 for the budget, which had passed the Senate on Thursday. Riley intends to sign it into law, his spokeswoman Tara Hutchison said.

Next year's trust fund spending under the budget would drop:

\$156.6 million, 11.2 percent, for public universities.

\$113.6 million, 2.7 percent, for the foundation program for public kindergarten through 12th grade.

\$34.1 million, 8 percent, for public two-year colleges.

Asked about likely effects for universities, Gordon Stone, executive director of the Higher Education Partnership, replied, "You're talking about double-digit tuition increases. You're talking about increased challenges in recruitment of top faculty, challenges in trying to keep the best faculty."

Morton said the budget gives K-12 schools less money for computers, textbooks, library books, buses and classroom supplies.

#### **Other bills:**

Also Saturday, lawmakers gave final legislative approval to bills that will:

Exempt federal stimulus payments from state income taxes, which would save individuals \$57 million next year. The Senate voted 28-0 for the bill, which had passed the House. Hutchison said Riley plans to sign it into law.

The bill also would ban businesses that make capital investments from deducting larger-than-usual portions of investments this year and next year, delaying about \$59 million in tax breaks for businesses.

Close loopholes that some big companies use to lower their taxable state income. It should ensure collection of \$74 million that could be spent by the Education Trust Fund next year. The Senate voted 30-1 for the bill, which had passed the House. Hutchison said Riley plans to sign it into law.

Give a tax break to small businesses that provide health insurance to employees and to employees covered by the insurance.

Small businesses currently can deduct from their taxable state income 100 percent of the cost of providing health insurance. A business employing 24 or fewer people now could deduct 150 percent of the cost.

Employees currently can deduct 100 percent of the cost of their health insurance premiums, if medical costs exceed 4 percent of their gross income. Employees now could deduct from their taxable state income an additional 50 percent of their premiums.

The Senate voted 32-0 for the bill, which had passed the House. Hutchison said Riley plans to sign it into law.

Let state voters decide Nov. 4 whether to create two rainy day accounts.

One would contain at least \$185 million for the General Fund, which helps pay for prisons and other non-education services. Another would replace the Education Trust Fund's existing \$248 million rainy day account with one that could total \$437 million next year.

The governor could tap either rainy day account to avoid proration, the cuts in budgeted spending caused by lower-than-expected revenue collections.

Money to create both accounts would come from the \$3.25 billion Alabama Trust Fund, which collects royalties from offshore natural gas.

The House voted 97-2 for a revised version of the bill that had passed the Senate on Thursday. The Senate voted 24-6 to go along with the House changes.

The plan goes straight to the Nov. 4 ballot.

E-mail: [dwhite@bhamnews.com](mailto:dwhite@bhamnews.com)

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